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Old Mutual and Sanlam buy J.P. Morgan fund admin business

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South Africa-based Old Mutual Investment Group Holdings and Sanlam Investment Holdings have agreed to purchase the shares of J.P. Morgan Administration Services.

J.P. Morgan Administration Services administers assets on behalf of its third-party clients, including Old Mutual Investment Group and Sanlam Investment Management, in South Africa.

It operates a full-service model, incorporating standard administration services with tax, accounting, unitisation, net asset value pricing and reporting services.

A Sanlam spokesperson said: "The transaction was implemented in order to ensure business continuity and efficiency for clients of Old Mutual Investment Group, Sanlam Investment Management and J.P. Morgan Administration Services' other third party clients."

Diane Radley, CEO at Old Mutual Investment Group, said that investment administration services are "essential" and should "benefit the client by providing reliable and accurate service at the lowest possible cost".

She added: "As the two key clients of J.P. Morgan Administration Services, clearly it is in the best interest of Old Mutual Investment Group and Sanlam Investment Management to ensure continuity and quality of service to its clients through this transaction. We intend to manage the business as a sustainable and profitable enterprise."

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Citi mandated as administrator for Nomura spin-off

Citi has been appointed by Phase4 Ventures, a London-based venture capital firm that was spun off from Nomura in February 2011, to provide document safekeeping and fund administration services.

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Goldman Sachs uses Calastone for SICAVs

Goldman Sachs Asset Management has signed up to Calastone's network order routing service for its range of SICAV funds domiciled in Luxembourg, and Money Market funds domiciled in Ireland.

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Old Mutual and Sanlam buy J.P. Morgan fund admin business

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The deal is subject to regulatory approval and is expected to take effect on 1 September 2012.

The acquiring parties will operate J.P. Morgan Administration Services as a separate entity and going concern from its present location in Cape Town. The existing service level agreements they have with J.P. Morgan Administration Services will remain in place.

It will also continue to act as an independent third-party administrator for the asset management industry in South Africa. The acquiring parties will jointly select its management team.

The Sanlam Investment Holdings spokesperson added: "We are not able to comment on future operations until the transaction is effective and has been approved by the [South Africa] Competition Commission … until then the business will continue to be run by [the] current management to transition the business into a stand-alone operation."

"Following our strategic review of this business, we concluded that its long-term success required a model that creates value for customers and employees and, ultimately shareholders of J.P. Morgan," said Francis Jackson, head of J.P. Morgan Worldwide Securities Services in Europe, Middle East and Africa.

"This agreement achieves those goals and enables us to focus on and continue our significant investment in our core investment services business, which operates successfully in our chosen markets around the world."

Robert Roux, COO at Sanlam Investment Management, said: "After J.P. Morgan completed a strategic review … [we] initiated a rigorous process to acquire the business and we are satisfied that we have reached a solution that adequately meets the needs of all parties involved. We are confident of a smooth transition over the coming months, with minimal changes expected. It will be business as usual."

The financial details of the transaction were not disclosed.

Citi mandated as administrator for Nomura spin-off

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Phase4 Ventures was established in 1999 to invest in and manage a portfolio of global life sciences companies for Nomura, the global investment bank. Following the management buyout, Phase4 Ventures is now completely independent.

Denise Pollard-Knight, managing partner of Phase4 Ventures, said: "As we move forward as an independent venture capital firm, the appointment of a third-party administrator is an important step to ensure optimal transparency for our investors, while keeping administrative costs as low as possible. Citi will be instrumental in helping us achieve this goal."

Kamran Anwar, EMEA head of private equity services said: "We are very pleased to have been appointed by Phase4 Ventures, one of the most respected life sciences venture capital firms in Europe, to provide fund administration services. With the increased activity in private equity spin-offs, Citi has a unique opportunity to provide middle and back-office infrastructure to support the transition of the new entities and help them operate as independent players."

Goldman Sachs uses Calastone for SICAVs

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The independent cross-border transaction network standardises all messages to the Calastone ISO 20022 format.

Peter Hermans, director of European business development at Calastone, said: "We welcome Goldman Sachs Asset Management to our growing list of cross border investment firms enrolled for electronic dealing. They are now well placed to offer their client base an easy and flexible solution for the automation of transactions."

A ray of sunshine for NAB Asset Servicing

After losing two custody mandates in recent months—QSuper to State Street in early March, and AvSuper to BNP Paribas in April—NAB have struck gold in a mandate from JCP Investment Partners to provide custody and investment administration services.

The win comes after a two-month tender process managed by Foxrock Consulting, a management consulting firm that provides advice to the Australian investment industry.

Brian Keogh, general manager sales, relationships and financial market services, asset servicing, said that establishing the relationship with JCB marks NAB's 9th win in nine months.

Asset Servicing, part of NAB's wholesale banking business, is the largest custodian in the Australian market with $550 billion in assets under custody for Australian investors.

Netik launches vMobile for secure data delivery

Netik, a provider of financial data creation, management and distribution services, has launched its vMobile technology for Apple and Android devices.

vMobile extends Netik's data management and client reporting platform, and seeks to become the premier option for asset management and asset servicing firms looking to leverage mobile across their businesses.

Robert Miller, CTO Netik, said: "The vMobile innovation puts business users in the driver seat enabling them to dynamically create and entitle rich mobile applications to serve clients. HTML5 represents the next generation of web and mobile technologies and, unlike traditional iOS, Android or Blackberry apps, is easily synchronised with current information security web policy."

Clearstream announces April 2012 custody figures

Post-trading services provider Clearstream of the Deutsche Börse Group has released its April 2012 custody figures.

The value of assets under custody, which were held on behalf of its customers, registered a decrease of 2 percent to €11.1 trillion. This figure was €11.3 trillion in April 2011.

Securities held under custody in Clearstream's international business increased by 2 percent from €5.9 trillion in April 2011 to €6.0 trillion in April 2012.

Domestic German securities held under custody decreased by 6 percent from € 5.4 trillion in April 2011 to € 5.1 trillion in April 2012.

Vistra Fund Services releases new formation product

Fund administration and fund formation firm Vistra Fund Services has launched a Cayman Islands-based umbrella fund structure product.

The Privium Capital Fund platform allows Vistra Fund Services clients to establish their own segregated portfolio or sub-funds while developing fund management expertise in Hong Kong, the Cayman Islands, the Netherlands and the UK.

The one-stop platform will include administration support from Vistra in its Hong Kong, Luxembourg or Jersey offices. PwC Hong Kong, Cayman Islands and the Netherlands will provide fund-auditing services, and Maples and Calder will provide legal support from the Cayman Islands.

Clients can specify banking and custodian arrangements and they are not limited to any one jurisdiction.

The platform will act as a simple and fast way of designing and establishing new fund structures, and it will provide support in the areas of marketing, set up and design, compliance and approval, and physical office and risk management models.

Charles Kwun, managing director of Vistra Fund Services in Asia, said: "The new Privium Capital Fund adds to our range of services and delivers a higher level of flexibility. It allows clients to have fund and management separately domiciled in a range of locations of their choice, and offers tremendous savings in initial set-up and ongoing costs as well as a short implementation time, which we think will be of particular interest to the Far East and Asian markets."

"This new flexibility will also help to resolve other logistical factors such as time zone differences, communications and control."

J.P. Morgan launches Trade Status Dashboard

J.P. Morgan Worldwide Securities Services has added a new tool to its web-based platform for transactional, compliance and portfolio management monitoring.

The Trade Status Dashboard provides trade exception management monitoring, custom filtering and trade lifecycle transparency. It is available through J.P. Morgan's Access platform.

Trade Status allows outstanding, settled, cancelled and pending trades to viewed in a single location and in real-time. Information can be filtered and searched, allowing users to stay abreast of key high-risk and business-critical trades.

"It is our top priority to provide clients with easily accessible, real-time information that is tailored to their business objectives," said Sarah Gill, global platform executive for J.P. Morgan Worldwide Securities Services. "We are pleased to launch the Trade Status Dashboard, the most recent example of our best- in-class product suite."

Markit continues expansion with Cadis purchase

Financial information services company Markit has agreed to purchase Cadis, an enterprise data management provider.

The deal follows Markit's acquisition of securities lending data provider Data Explorers in April.

Cadis was established in 2007. Its customers include investment banks, central banks, insurance companies, regulators, asset managers and hedge funds.

Its enterprise data management (EDM) platform consolidates data from multiple sources within a centralised hub, providing users with reliable, transparent and auditable data.

The platform addresses data management needs such as front-to-back office integration and data frameworks for trading, pricing, and risk and compliance management.

The acquisition comes at a time when financial institutions are becoming increasingly reliant on EDM platforms to manage their data challenges and comply with new regulations, including Dodd-Frank, Basel III and Solvency II.

Markit's acquisition of Data Explorers in April also came in response to changing regulatory conditions in securities financing markets. The company is positioning itself to capitalise on new data management needs.

Of the Cadis deal, Lance Uggla, CEO of Markit, said: "Data management is top of our customers' agenda; the scale and sophistication of the data they are managing have never been greater."

The Cadis team will operate as a business unit alongside Markit's other independent enterprise solutions.

Daniel Simpson, who is Cadis's current CEO, will continue to run the business once the acquisition is complete. The financial details of the deal were not disclosed.

Simpson said: "Data is increasingly at the heart of financial institutions. Our EDM platform ensures our clients have the data they require to drive sound decision-making. By combining our expertise with Markit's distribution and customer network, we will be able to help more firms meet increased regulatory pressures and risk management demands."

Clearstream to join T2S

Clearstream has announced that the CSD for Germany, Clearstream Banking, will join the European Central Bank's T2S initiative.

The platform will go live in 2015 and aims to significantly reduce the fees for cross-border settlement. Clearstream Banking will be amongst the first CSDs to sign the T2S Framework Agreement on 30 April 2012.

Jeffrey Tessler, CEO of Clearstream International, said: "TARGET2-Securities will drive the harmonisation of post-trade processes across Europe. It can bring huge benefits to the market and we have therefore been supporting T2S since the beginning of the project in 2006. T2S will result in of the commoditisation of European settlements and is a significant investment for our industry."

Mark Gem, who is a member of the executive board of Clearstream International and responsible for Clearstream's business strategy, said: "With the German CSD as part of our group, Clearstream will account for nearly 40 percent of T2S settlement volumes in the Eurozone. Clearstream's customers will benefit from our value-added services in the space of collateral management and asset servicing that are second to none."

J.P. Morgan new administrator for Bob Geldof fund

J.P. Morgan's Worldwide Securities Services business will provide private equity fund administration services to 8 Miles Fund I, an initiative of Bob Geldof.

The pan-African private equity fund plans to invest in businesses across a broad range of industries, with the aim of driving long-term growth in Africa. 8 Miles, which recently closed its first fund raising, plans to focus on growth sectors in Africa including agribusiness, consumer and retail, health, telecommunications, banking and financial services.

J.P. Morgan will provide a set of comprehensive services including fund and partnership accounting, capital call/distribution management, investor reporting, and investor tracking, investor relations support and treasury services.

James Hutter, global head of J.P. Morgan's private equity and real estate services business within J.P. Morgan Worldwide Securities Services, said: "We are excited to be working on such an innovative and worthwhile initiative, which demonstrates our ongoing commitment to Sub-Saharan and North Africa."

"Private equity funds of all sizes are increasingly turning to independent administrators like J.P. Morgan that have the global scale and reach to deliver administration services anywhere in the world."

Northern Trust offering specialist services for Solvency II

Northern Trust will provide specialist custody and asset administration services to help insurance clients prepare for Solvency II.

"Solvency II is the biggest regulatory challenge facing the insurance industry in Europe today," said Andrew Melville, head of insurance product for Europe, Middle East and Africa at Northern Trust.

"By delivering a single data source for accounting, valuation and asset characteristics, Northern Trust is uniquely positioned to provide insurers with consistent asset data, reducing the need for reconciling multiple data sources."

One of the key features of the platform is that it provides insurers with a single data source for

accounting, valuation and asset characteristics. This is important for Solvency II as it reduces the need for reconciling multiple data sources, said a statement from the company.

"As our focus now shifts towards our Qualitative Reporting Template, Northern Trust, through their single data source and leveraging existing asset characteristic data, continues to innovate their reporting and governance solutions to support us," said Christian Parelius from Sparebank Skadesforsikring, a non-life insurance company based in Norway and a client of Northern Trust's.

3 is the magic number for Trinity

Trinity Fund Administration, eClerx and Arbor Financial Systems have joined forces to launch the platform 'TotalHedge3', which will offer fund administration services.

Key features of the platform include trade processing, fund administration such as fund accounting and NAV calculation, administrator and prime broker connectivity, support for pre- and post-trade compliance, and audit support.

John McCann, managing director of Trinity Fund Administration said: "We have seen a significant rise in emerging managers this year. The integrated service offering empowers fund managers with a turnkey solution, tackling intensifying cost pressures within the market-place, as well as satisfying institutional investors infrastructure requirements."

DTCC wraps up repositories

The Depository Trust & Clearing Corporation (DTCC) began user testing of its new global trade repository service for foreign exchange on 1 May, and is planning full production by the fourth quarter, including regulatory and public reporting.

The repository is the last of five planned global repositories for OTC derivatives being developed and operated by DTCC.

"The rollout of the FX repository caps a busy year for DTCC of designing, developing and implementing global trade repositories for three different classes of OTC derivative products and providing reporting to regulators to monitor that trading and systemic risk globally, as well as greater public transparency," said Stewart Macbeth, president and chief executive officer of DTCC Deriv/SERV.

DTCC's depository provides custody and asset servicing for almost 3.7 million securities issues from the US and 121 other countries and territories, valued at $39.5 trillion.

NSD and KSD agree cooperation deal

Russia's National Settlement Depository (NSD) has signed a memorandum of understanding with the Korea Securities Depository (KSD).

The MoU will contribute to improving the health of the countries' financial markets and promote cross-border investment. It will also enable the organisations to look at cooperating in depository and settlement operations, as well as establishing an operation linkage.

The NSD and the KSD have agreed to begin working on information exchange and organising training and technical support that will develop the fund industries in Russia and Korea.

Kyung Dong Kim, who is chairman and CEO of the KSD, said: "This is the first step towards a partnership for mutual cooperation on the development of depository and settlement infrastructures and advancement of the asset management industry."

State Street releases OPERA solution

State Street Corporation has launched a new open protocol enabling risk aggregation (OPERA)-compliant reporting solution for hedge fund managers and institutional investors.

OPERA standardises methods for collecting, collating and conveying hedge fund risk information. State Street will combine OPERA with its risk management platform TruView to meet investors' reporting needs and provide additional transparency.

State Street collaborated with hedge fund managers and institutional investors to ensure that OPERA meets industry needs.

"State Street is committed to developing solutions that address the evolving needs of sophisticated asset managers," said George Sullivan, who is the executive vice president and global head of alternative investment solutions at the bank. "Our OPERA-compliant reporting solution reduces the need for hedge fund managers to produce data in multiple formats, enabling efficiency in risk transparency disclosures."

BNY Mellon to serve as depository for Brazilian investment bank

BNY Mellon has become the depository for BTG Global Depository Units (GDUs) to support the Brazilian investment bank's global initial public offering.

BTG Pactual GDUs are made up of the global depository shares of Banco BTG Pactual SA, a Brazil-incorporated company, and the shares of BTG Pactual Participations, a Bermuda-incorporated company.

BNY Mellon will also serve as custodian for the underlying shares of BTG Pactual Participations's Brazilian depository receipt programme.

"We've worked closely with BTG Pactual to develop this innovative and truly first-of-its-kind GDU structure to support the company's global capital raising activities," said Michael Cole-Fontayn, who is the CEO of BNY Mellon's depository receipts business.

"It's another great example of the ways we're pioneering new approaches to servicing our clients and the adaptability and efficiency of DRs [depository receipts] as a vehicle for global issuers and investors."

BNY Mellon new trustee of Silvermine

BNY Mellon has been appointed trustee, collateral administrator, paying agent and calculation agent by Silvermine Capital for its $450 million collateralised loan obligation (CLO).

In its role, BNY Mellon Corporate Trust will provide a variety of services for Silvermine Capital, including processing principal and interest payments and maintaining bondholder records.

"We expect CLO activity to strengthen this year, and our appointment on this issuance highlights our extensive experience in servicing this recovering asset class," said Jocelyn Lynch, managing director at BNY Mellon Corporate Trust.

"We chose to work with BNY Mellon because they have demonstrated a deep understanding of our transactions," said Giorgio Boero, CFO at Silvermine Capital.

FTT a blow for UK, warns House of Lords

More than 70 per cent of cash raised by the Financial Transaction Tax (FTT) proposed by the European Commission (EC) would come from the UK, a House of Lords committee has cautioned.

The Lords EU Committee condemned the scheme, arguing that the EC has "failed to make a case for the tax" as a means of funding its next seven-year budget, to run from 2014-2020. If it were to be initiated, the UK may account for a large percentage of revenue raised due to its sizeable financial sector, said peers.

Proposals for a Europe-wide FTT have been rejected by David Cameron. The UK prime minister says the UK would only join such a levy if it was imposed globally. However, other EU leaders have shown interest in the scheme.

ConceptONE picks Asset Control to enhance reporting

ConceptONE has completed its integration of Asset Control in order to enhance its OPERA reporting service and its regulatory reporting solutions.

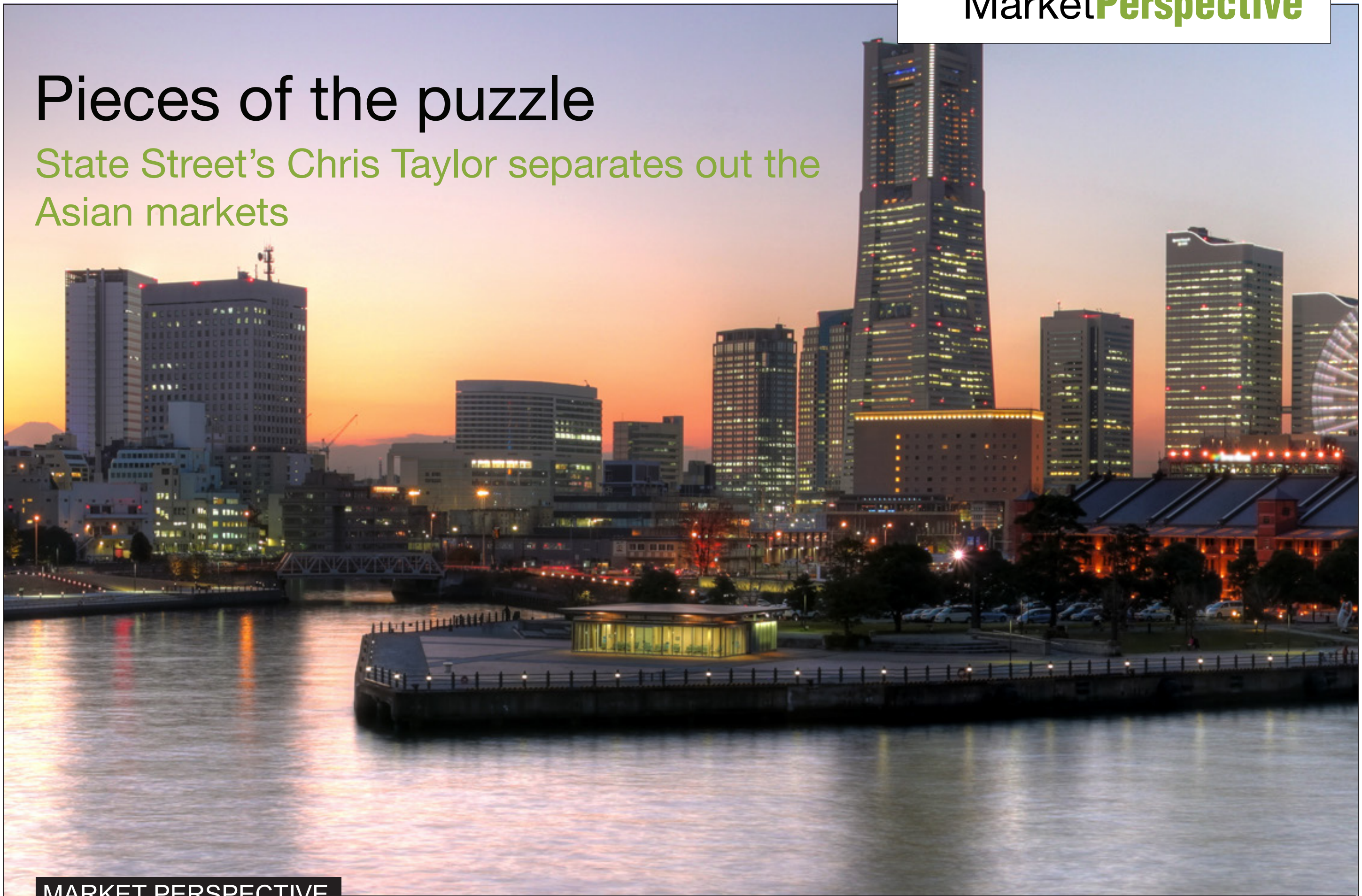
ConceptONE's regulatory reporting services aggregate and standardise reporting across multiple securities, funds, strategies and administrators, as well as assisting with more complex reports such as Form PF. The integration will stabilise definitions needed to provide consistent and accurate filings.

"Investment managers are facing reams of regulations requiring sophisticated reporting capabilities starting with Form PF," said John Mitchell, vice president of global sales, Asset Control.

Dan Connell, president at ConceptONE added: "The OPERA standards and other newly introduced regulatory reporting requirements is creating major reporting challenges for private advisors."

Pieces of the puzzle

State Street's Chris Taylor separates out the Asian markets



MARKET PERSPECTIVE

I've been with State Street for 23 years, joining their global custody business in Sydney in 1989. Within a couple of years I had moved to London after a short spell in Tokyo in the early 90s. I returned to Asia in 1998—just in time for their financial crisis!—and spent the next four years based in both Sydney and Tokyo. I later returned to the UK when State Street acquired Deutsche Bank's global services business; it was initially a nine-month integration assignment, and nine years later I was still there having assumed management of the combined securities financing business. Two years ago I tapped Peter O'Neill on the shoulder and said, 'I'd like to make my way home.' I made it half way home, with Peter asking me to move to Hong Kong to manage the client side of the global services and markets business.

I've moved approximately every five years, and unfortunately as a result languages are not my strong point. As a general observation, in Europe, I think people make decisions quicker, but are less focused in their implementation. In my experience of Asia, people are perhaps more diligent. It takes longer to bring something to market and get a decision, but once it's made, the execution is expected to be flawless. The buying criteria can be different. In Japan and the Middle East we still have more of a relationship culture. In Australia and the UK, by comparison there's a clearer distinction between new sales and existing relationships.

Domiciled Asian funds

A focus on Dublin and Luxembourg is a very large part of our business, so we have Damian Barry and Caroline Higgins representing the offshore side of our business. Effectively, we have a European sub-office in our office. For example, in the Japanese business—for a variety of regulatory and tax reasons—historically Cayman is the dominant domicile. In Asia more broadly, Luxembourg has got a significant market share head start over Dublin, and to some extent that perpetuates itself. They were the first, they remain commercially focused, it created a certain market share, and once it got to a certain critical mass it was easier just to continue with the dominant jurisdiction.

The dominant offshore funds domicile is quite clearly Luxembourg. In the alternative markets, particularly private equity, it's more likely to be Cayman. In Hong Kong, the offshore component of the market remains very dominant, whereas in Singapore, it is far more balanced. I suspect in Hong Kong it's beginning to change. This is about the Hong Kong authorities obtaining fuller control over investment products distributed in its market.

They haven't structurally changed in any significant way to draw people onshore, but the time to get your offshore product approved in Hong Kong has become protracted. The problem with the branding of offshore products is that it's somewhat tarnished, because under the original usage it was deemed to be high quality and high credit. However, as regulations progressed, you could increasingly run things like leveraged investment products under the UCITS brand. So UCITS means many different things to many different people. I don't think that's particularly well understood. From a regulatory perspective Asian regulators are asking what percentage is offshore and how much control can they have, and from an investment management perspective, the extent to which you can center your manufacturing and distribution of investment product.

In terms of custody and funds administration, Singapore and Hong Kong are the regional hubs. Australia and Japan are more domestic businesses, as is Korea. Taiwan is different again, but a very vibrant market.

Custody and administration in Japan

We have effectively three businesses in Japan from an asset servicing perspective. We have global custody, the custody of non-Japanese investments, primarily for insurance companies. In addition to that we have a trust bank. In this regard we have alliances with a number of the domestic trust service providers. The third piece is what we call investment management outsourcing. We have made a business out of this and there are one or two other competitors who have also done this, targeted initially at foreign investment managers who wish to run fund businesses in Japan but outsource the back and middle office components of those operations to State Street, or one of our competitors. So the middle office of that fund with Japanese accounting and reporting requirements, distribution statements and the like is outsourced to State Street. To this point in time, Japanese firms have been happy

to do their own domestic stuff. We consider ourselves a local in the market, having acquired a trust bank in the early 1990's. The vast majority of our staff and all our trust bank systems are in Japanese; sometimes people are surprised by just how domestic our business is here.

Foreign firms are outsourcing the Japanese aspects of their business to State Street. Interestingly in the last 12 months, some of these Japanese trust banks are coming to us and saying, 'we know you do this on behalf of the foreigners, but would you consider doing it on behalf of us.' The key element in Japan is that you've got to be in there for the long haul.

An Asian regulatory environment

In Japan and Australia, you have very dominant and mature markets. Hong Kong is a big international centre and is very liberal, but you have to layer over the dynamic of mainland China. You go to Singapore to cover the ASEAN markets, but it's often seen as competing with Hong Kong. From a funds business, you have two angles: the angle of investor protection, which is foremost in somewhere such as India for example, and other markets that are less focused on distribution of product, and more on the requirement to manufacture locally. They want to develop the funds industry internal to the country. There's a lot of different dynamics around regulation. State Street remains focused on the concept of an ASEAN Passport. The question is to what extent can Asian countries come together for an Asian funds passport, as opposed to the current bi-party structure? There's an incredibly complex matrix concept of who is authorised to do what in which country. Again the question is to what extent can Asia as a whole, or Southeast Asia specifically, come together and create a funds passport where you can manufacture a product in one country and distribute these products into other countries?

In the distant future, I do see more harmonised financial regulation. If Asia doesn't do this, then Dublin and Luxembourg will continue to go from strength to strength and that's the inevitability. The big issue is whether China and India come together with other countries with incredibly different dynamics. It may be that countries like these will opt out and smaller countries will get together. Or maybe that the ASEAN proposal has more legs to combine forces and have a funds passport as a contained regional unit. The problem is going to be to what extent you dumb it down to the lowest common denominator.

From an Asian perspective, historically we have primarily been involved in custody, administration and management of Asian countries' reserves. What we are seeing now as the business has matured is more intra-Asia investment. The talk always used to be official institutions money emanating from Asia buying treasuries. Most of the discussions we have now are people from Asia, investing in Asia. The extension of that discussion was emerging markets, so Asian investors investing in emerging countries in Asia. It's moved on a little from that to talk of Asian investors investing in non-traditional asset classes.

Again in Asia to this point, what we've focused on has been sovereign funds; that's where the real money has been. However, now we're trying to get a representative footprint of our global business. We've come to the conclusion after the Asian financial crisis that there are global managers expanding into Asia investors and managers that are going to be dominant through expansion and acquisition in North America and Europe. **AST**

Chris Taylor
Senior managing director, head of business development, Asia Pacific
State Street

European delight: Malta's on the rise

AST talks to a panel of experts about why Malta is enjoying fund growth and how it manages to service funds so successfully

EXPERT OPINION

AST: Where are you seeing industry growth coming from?

Kenneth Farrugia: The growth of Malta's fund industry is driven by a number of factors. On the one hand, at product level, Malta is experiencing a steady growth of new funds that are being authorised by the Malta Financial Services Authority. In fact, this growth consists of new schemes and their sub-funds as well as new sub-funds under existing schemes that are predominantly employing hedge fund strategies. Currently, there are more than 550 funds established in Malta, if you include an increased incidence of UCITS fund set ups, as there are now more than 60 UCITS funds in Malta.

Puneet Gupta: As a whole, the local funds industry grew by 4 percent in asset terms as at end December 2011 on a year–on-year basis, with the main thrust registered as alternative investment funds, i.e. professional investor funds (PIF). During 2011, we were approached by a number of fund promoters to set up UCITS funds in Malta, and this augurs well for this type of fund. Most of the interest has emanated from European fund managers.

James Farrugia: In the fund space, there is a marked increase in demand for UCITS and PIF products from Swiss- and London-based managers. Malta has a very attractive PIF regime that offers a robust yet flexible regulatory approach coupled with an efficient and approachable regulator. On the UCITS space, the possibility of meeting and discussing a structure with the regulator prior to filing an application, coupled with competitive set up and ongoing charges, as well as the availability of high quality service providers, are also key considerations.

We are also seeing a number of Swiss managers investigating the possibility of setting up Malta-based asset management operations, mainly in preparation for the EU Alternative Investment Fund Managers Directive (AIFMD), and also as a result of concerns around legislative changes in Switzerland.

AST: Is this new business or is Malta competing successfully with other European jurisdictions?

Puneet Gupta: It is mostly new business, and in a number of cases, Malta is being measured against other competing European jurisdictions before a decision is taken on the most appropriate and viable jurisdiction to set up their funds. We are also seeing an increasing number of hedge fund managers moving their front office activities to Malta.

James Farrugia: In the fund space, the European options are clearly Luxembourg, Ireland and Malta. Over the years Ireland and Luxembourg have been very successful in attracting a large number of funds to their domiciles and as a result of this success, they tend to be more expensive and lack the agility and excess capacity that can be found in Malta. Different managers wishing to set up their funds have different needs and different priorities. What is evident is that, more and more, investors expect their managers to house their fund in an EU domicile, so the three main European fund domiciles will see numbers grow when it comes to new fund registrations.

> During 2011, we were approached by a number of fund promoters to set up UCITS funds in Malta, and this augurs well for this type of fund

Puneet Gupta
HSBC Malta

In the asset management space, Malta clearly provides a number of advantages when compared to other onshore jurisdictions. It offers: cost competitiveness; attractive income tax rates for expats operating in the asset management space; a fiscally friendly environment; good connectivity with mainland Europe; availability of qualified human resources; an approachable regulator; availability of world class IT infrastructure; 300 days of sunshine a year, and one of the highest rated European countries for quality of life. These are all important considerations for managers that are looking at setting up an asset management operation in a European domicile.

Kenneth Farrugia: During the last 18 months, a number of funds based in offshore jurisdictions have decided to redomicile to Malta. What is equally important is the operational infrastructure is very sound, which is evidenced by the various domestic operators that are well-positioned to service this business, as well as the international operators that have set up their operations in Malta on both the asset management and asset servicing side, as well as the choice of other service providers, such as auditors and company secretarial service providers.

AST: How are Malta's asset servicing capabilities different to other domiciles?

James Farrugia: Asset servicing in Malta is relatively more cost competitive than the other major fund domiciles. This is notwithstanding the availability in Malta of the big four audit firms, well-regarded law firms, professional directors, specialised compliance consultants, more than 20 fund administrators and a growing number of global custodians.

Puneet Gupta: The asset servicing capabilities of Malta are in the main the same that one would expect from other established jurisdictions. Accounting and valuations, investor services, statutory reporting, corporate secretarial services, global custodial and other ancillary and related treasury services all form part of the standard package. What would distinguish Malta from other domiciles is our can-do approach and time to market to have the fund up and running in the shortest possible time, whilst at the same time ensuring that this is performed within a robust and sound legal and regulatory framework.

The operational infrastructure is very sound, as there are various domestic operators that are well-positioned to service this business

Kenneth Farrugia
FinanceMalta

Kenneth Farrugia: The funds industry in Malta has experienced a paradigm shift from one which was dependent on the growth of the domestic business to the reality we have today where international asset servicing has outstripped that which was extended to funds promoted in Malta. Malta's strong value proposition in asset servicing terms is being recognised by funds domiciled in other jurisdictions, as increasingly, Malta-based service providers are being engaged to provide their fund administration services to such funds. Clearly, service providers that are based in Malta understand the importance of being responsive and delivering a quality-led service and this, coupled with the highly competitive set up and ongoing servicing costs structures when running an operation in Malta, together with the presence of a meticulous, yet accessible financial services regulator, are turning out to be Malta's critical success factors.

AST: How are developments in the wider European financial markets affecting Malta?

Kenneth Farrugia: Although Malta is an island, this does not mean that the growth of its financial services industry is in any way, shape or form ring-fenced from the state of flux and market turmoil that has gripped European financial markets. Apart from the impact of the capital markets on investor sentiment, which in turn has an impact on asset management and asset servicing businesses, the extent of regulations that are planned to be introduced in the coming months and years are giving rise to various challenges. These are of course challenges being equally faced by all operators irrespective of their EU domicile.

Puneet Gupta: The regulations that are or will be introduced over the next few years have been embraced by Malta within the ambit of its onshore European credentials and maintaining the country's credibility in this sphere. HSBC Malta has the added benefit that it can tap into its global expertise to assist customers in navigating the more complex regulations. In certain cases, new regulations such as the AIFMD and the increased risk bestowed to fulfilling the depositary function will no doubt result in higher servicing costs.

James Farrugia: The regulatory developments in Europe—the AIFMD, MIFID II and UCITS V—coupled with material regulatory changes in Switzerland, are causing managers to reassess their business model, their status (based on EU v non-EU), the cost base as a result of, amongst others, increased compliance costs, regulatory restrictions, remuneration restrictions, increased capital requirements and others. This will result in some managers moving outside of the EU, others moving into the EU, others domiciling their funds onshore and others offshore.

We will see more managers setting up operations in Europe to take advantage of the passporting opportunities under the AIFMD

James Farrugia,
Ganado & Associates, Advocates

There will always be different managers with different needs. Regulatory changes are catalysts for change. We are optimistic that the change will result in an increasing number of managers domiciling their management operation or fund in Malta and confident that at the end of it Malta will on a net basis benefit from these changes.

AST: How important are the Middle East and North Africa to Malta's development as a financial centre?

Kenneth Farrugia: The core developments shaping Malta's financial services industry are predominantly led by the increased interest that is being exhibited by European operators in setting up their operational platforms in Malta. As to the Middle East and North Africa, Malta is uniquely positioned in this respect as the island is the closest EU member to the south and south east fascia of the Mediterranean. This unique positioning is of particular interest for those operators that are seeking a platform in Europe with the ability to target the neighbouring regions. In fact, Malta is already home to operators based in South Africa that have established their platforms in Malta.

Puneet Gupta: The Middle East and North Africa region is still a relatively new market of opportunity for Malta. This region, however, is a potential target and one that makes sense to infiltrate as there are a number of fund promoters in the Middle East and North Africa that could seek a flexible but well-regulated onshore jurisdiction within the boundaries of the EU. Malta fits the bill nicely in this space, especially given our relative proximity to the region.

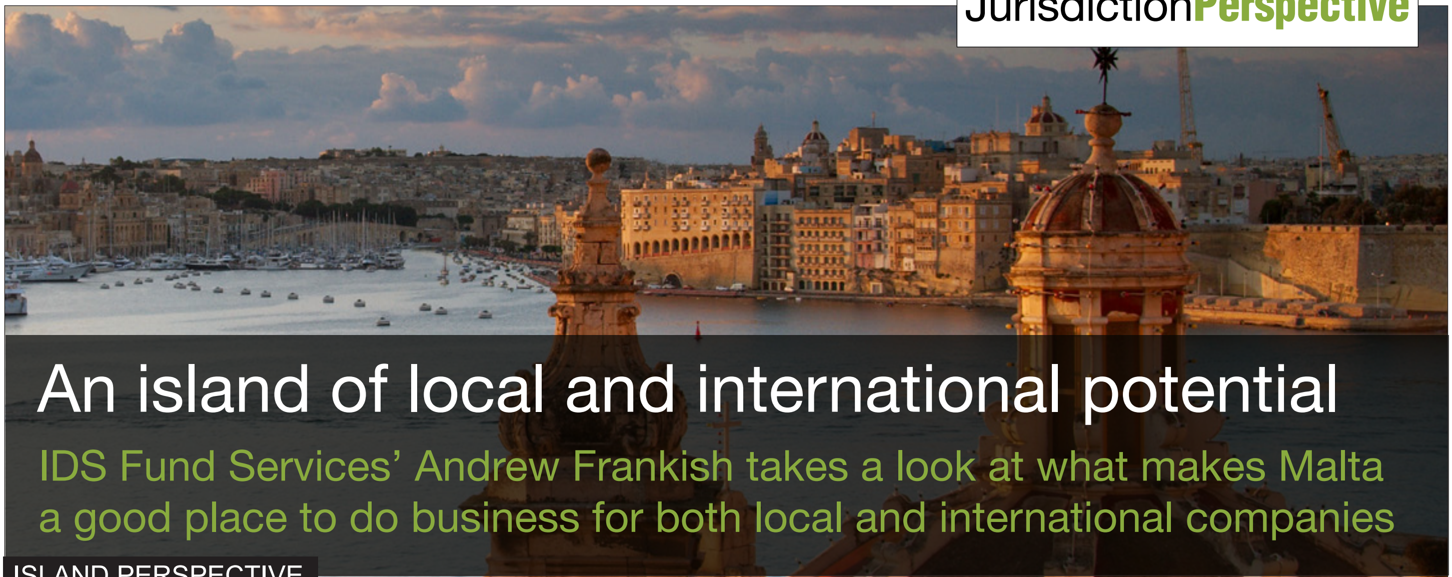
James Farrugia: The Middle East and North Africa are marginal contributors to the growth of Malta as a financial services centre. They will naturally become more relevant as they develop further in this space. For the time being, operators in Europe, North America and Switzerland remain the main contributors to the development of financial services in Malta.

AST: How do you see the market developing in the future?

Puneet Gupta: Malta's economy has performed relatively strongly throughout the financial crisis—there has been no sovereign debt crisis, no banking crisis and no housing collapse. Throughout this period Malta's financial services industry has enjoyed continuing growth. Against this background, we expect an acceleration in growth of the funds sector as Malta becomes better known for its robust economy, sound banking system and strong regulatory structure. We will see further growth in PIFs but also in UCITS, which, in turn, may attract more custodians. We also expect front office teams to establish presences in Malta. HSBC can play a pivotal role in accelerating growth of Malta's financial services sector.

Kenneth Farrugia: Despite Malta's very recent positioning as an international financial centre, the achievements registered so far, particularly those in the funds industry and the insurance sector, augur well for the future. The contribution of the industry to GDP is in excess 12 percent, and on a year-on-year basis, notwithstanding the turmoil in Europe, the industry registered a 30 percent year-on-year growth in 2011. It is my view that despite the plethora of challenges that the international industry is currently facing, the funds industry in Malta will continue to experience year-on-year growth in the years ahead of us.

James Farrugia: We are living in a period of substantial regulatory changes so it is difficult to make accurate predictions. My guess is that we will see more managers setting up operations in Europe to take advantage of the passporting opportunities under the AIFMD, especially as an increasing number of managers are looking to set up their funds in Europe partly due to pressures from investors. Major drivers will be the extent to which the AIFMD will develop as a brand on the same lines as UCITS and the extent to which national private placement rules will be tightened in Switzerland and certain other key EU domiciles, leaving managers with no option but to set up EU-based structures. **AST**



An island of local and international potential

IDS Fund Services' Andrew Frankish takes a look at what makes Malta a good place to do business for both local and international companies

ISLAND PERSPECTIVE

The European financial services industry is a very sophisticated and competitive market, and a market that Malta has been making its mark on since its accession into the European Union in 2004. This has not been purely one-sided with Malta looking to attract outsiders to opportunities in Malta, but the rest of Europe has become a market with greater opportunity for Malta and Malta-based financial services firms.

In the process of building up the industry locally, Maltese industry leaders have built strong partnerships with other emerging and established financial services centres throughout Europe. They have leveraged off the strong entrepreneurial spirit of the Maltese people to build and maintain these relationships where the simplest ideas are transformed into viable business ventures through joint ventures and strategic partnerships.

Where outsiders are able to reduce overheads through the low cost base of the Maltese market, local Maltese companies are able expand their markets and diversify their product offerings, tailoring either a traditionally Maltese product to the rest of Europe, or bringing something back to the island that wasn't available before. The innovations and know-how that come from this wide-working network are seen in the financial services industry as much as any other.

Over recent years, Malta has been moving from a background thought to being in the forefront of talks about jurisdiction choice within the EU. This has been both from outside of Europe as well as from companies within Europe looking for an inexpensive alternative to the established centres. Malta has promoted itself as a centre to consider; whether looking to set up fund management operations, fund structures or financial advisory and services companies.

Much of this increase in interest is coming from managers based in Switzerland, looking to set up regulated fund products in Malta, with the majority of these being professional investor funds. Malta is seen as being able to offer a full suite of services and providers to service these new structures, with the experience and professionalism that one would expect from a world class jurisdiction.

It has long been reported that the costs of setting up and running a fund or fund servicing business in Malta are far less than those of other established jurisdictions. This has led to a number of fund managers not only setting up and testing the waters of the island centre, but moving their main operations to Malta to run their offerings that were previously run from London or Dublin.

This movement is allowing the local industry in Malta to leverage off the knowledge being brought to the island from international operations, using the skills and knowledge to up-skill the local industry employees to a level comparable with other leading financial centres. It also allows Maltese financial services firms to begin servicing these international companies, gaining valuable exposure for not only themselves but the Maltese brand in other jurisdictions that clients may operate in. This, as one can imagine, further facilitates the interest and flow of business into Malta.

International companies are not only benefitting from the reduced costs of operating in Malta, but they also have a single robust regulator in the Malta Financial Services Authority (MFSA) to deal with on all industry matters, as well as tax structures that provide further benefits. The MFSA is actively involved in not only keeping Malta abreast of, and enforcing, the changing regulations in the industry, but also ensuring that Malta is in a position to provide a level of service that would keep those looking at Malta interested in what the island has to offer. This includes the promotion of study programmes from the graduate level through to ensuring that those individuals acting in positions of responsibility have the skills to do so, be it directors, compliance officers or MLROs.

This influx of knowledge allows the current competitive market in Malta to be developed even further, and not only assists those involved directly in the financial services industry but has a spill over into the domain of the service providers as well. The development of these service providers allows Maltese firms to grow and go international. We have, for example, seen an increase in IT firms focused on servicing financial services companies that provide a level of service and robust systems that is needed in the industry. This increase in the number and level of service providers can, however, be seen across all aspects of the industry, from the setting up of structures and advisory services, through to the servicing of the end structure once it is set up.

The industry practitioners in Malta are also taking advantage of opportunities through the rest of Europe, promoting Malta to other jurisdictions and in the process diversifying their client bases and knowledge sets. Firms are emerging as experts in dealing with different countries requirements, and bringing foreign companies and individuals to Malta. These industry practitioners are not necessarily the big-name multinational companies, but the smaller industry professionals who are already experts in their respective fields in Malta. They are able to bring their personal, service-orientated approach to these new clients, which is something that the Maltese do well.

All of these aspects are contributing to a Maltese financial services industry that is going from strength to strength. Whether we are looking at international companies setting up in Malta or local companies expanding their offering to the wider market, the local cost structures, infrastructure, business environment and favourable strategic factors all make Malta a number one choice for a business in any of the European centres to work and partner with. **AST**

Andrew Frankish
Director
IDS Fund Services Malta Ltd

Dublin

Stops and starts in Ireland's economy will continue to impact fund administration in Dublin, but the strength of the domicile is only growing

GEORGINA LAVERS REPORTS

As markets continued to pummel the bond spreads of Ireland in 2010, the Dublin government came up with a plan. A four year, 140-page recovery plan; practically a leaflet compared to the novels of Dodd-Frank or Volker, but a plan nonetheless.

Swiftly emerging as a favoured destination for distressed debt investors, creditor-friendly Irish laws, and the country's lending binge, meant that cheap assets should have been in plentiful supply.

However, the scheme devised by the EU and IMF to save €15 billion was underway, with economists calling it "staggeringly austere", and David Begg, head of the Irish Congress of Trade Unions, lamenting: "It appears that the day of reckoning has arrived. The Barbarians are at the gates."

Domicile of choice

Despite Ireland being hit with a plan that was forecasted as making it impossible to attain predicted 2.7 percent growth from 2010-2014, Ron Tannenbaum, managing director at GlobeOp Financial Services asserts that active interest has resumed in Dublin following the downturn. "Europe is becoming a key onshore regulated market as more funds prepare to re-domicile there to access investors. Last year we expanded our Dublin office in response to increased demand from funds based in or extending into Europe."

He predicts continued European market growth in areas such as large complex portfolios and managed account platforms, but comments that the AIFMD could be the next hurdle for the onshore industry and Dublin.

Tricia Riddell, global head of product, transfer agency, Bravura Solutions, says that the AIFMD is likely to result in more fund managers potentially looking to outsource administration of their funds. "Administration is not core to their businesses and with regulatory burdens increasing all the time, fund managers are thinking about where they want to expend effort and money—often it is simpler to outsource."

The stated purpose of the AIFMD is to anticipate systemic risk and provide the appropriate level of investor protection. However, Tannenbaum argues that as currently written, it would lead to a concentration of risk and is also anti-competitive, as it gives an advantage to banks—who can act as depositary and administrator—over specialist, independent administrators. "By legislating the concentration of service functions with the depository, the AIFMD is concentrating the risk that any fund has on a single counterparty, rather than diversifying the risk as was originally intended. It also represents a greater threat than hedge fund administration sector consolidation to the choices fund managers and investors will have."

Country head for Ireland at Northern Trust Hedge Fund Services Clive Bellows states the near-impossibility of definition, due to the final draft not being released. "Firstly it's important to note that the final draft of the AIFMD is delayed. The biggest challenge right now is that until the extent of the regulation is known it is not possible to fully define how all clients will be impacted. We look forward to a final draft. That aside, it is safe to say that one of the main tenets of the AIFMD will mean that everyone is going to have to be a lot more transparent in reporting and as a result we see an increasing demand from our clients for risk management and reporting solutions. I think individual organisations trying to lobby AIFMD has little effect

—the way to do it is through industry bodies and associations. In Ireland, we work closely with the IFIA, and I think they've made a good effort in representing views from the industry when it comes to the AIFMD."

Tannenbaum adds that further requirements of the directive exceed current UCITS regulation, which would impose considerable additional burden on participants, with Riddell commenting that she expects to see some consolidation in the industry where smaller groups decide that regulations are too burdensome to cope with alone.

The right amount of demand

When asked if asset managers becoming more demanding of their administrators, Bellows describes asset managers as "eminently sensible", stating: "As asset management businesses, and investment products and strategies evolve, more demands are being placed on asset servicers. A good example would be the need for regulated funds to produce KIIDs and solutions to support UCITS IV requirements. A large number of clients have come to us and said, 'you've got the data; can you produce the KIIDs for us.' That is a sensible use of resources."

However, other industry insiders have acknowledged that, however reasonable asset managers are, there is an ever-increasing pressure on administrators to deliver more for less. Riddell comments: "These days it is more than just running a register; trade processing, cash management and servicing the investor. Providers need to extend the scope of their services and provide more as a core TA solution than that which was previously expected."

As investors insist on more meticulous reporting, more transparent governance, and confirmed operational risk management, alongside an onslaught of regulatory requirement, it seems inevitable that administrators are having to buckle down to a heavy workload.

Additional services looked for now include corporate secretarial services, management accounting for European-based funds, and risk reporting, with more basic functions of share registry and transfer agency services, and investor communications still in demand. "More generally", Tannenbaum asserts, "fund managers increasingly want information faster—as close to real-time as possible—to support daily trading strategies, collateral, risk and portfolio management. They expect all these services to be fully integrated into annual SOC 1 (formerly SAS 70 Type 2) examinations."

24 hour party people

It seems essential that fund administrators become 24 hour providers in an industry that has rapidly globalised, and Riddell acknowledges that real-time data is a white-hot topic. "Standard services provided include web portals for distributors and investors to not only access data online, but to trade real-time 24/7. Clients are looking for the core services to be extended and include areas such as efficient cash flow forecasting."

Bellows was in agreement, seeing the necessity of 24-hr providers as well as a standardised platform. "I think anyone who isn't global is going to struggle—but it doesn't stop there. Anyone who isn't on a single operating platform will have significant problems. If you're operating across three different time zones and platforms, you may as well have three different providers. One of the things I'm very proud of at Northern Trust is that we have the same platform right across the world. It doesn't matter if your portfolio is managed in Australia, Hong Kong or New York, all of our processes are the same."

Fund administration is no longer simply about offering the month-end functions of net asset valuation and share registration. As Tannenbaum said: "If not yet 24/7, at least 24/5. It now encompasses everything that happens after the trade. Funds with managers trading in multiple time zones and countries increasingly want information faster—as close to real-time as possible—to support daily trading strategies, collateral, risk and portfolio management. Investors, regulators, valuation committees and auditors are also requesting more—more data, more detail, more frequently."

Consolidation and competition

The financial crisis touched every part of the asset management industry, and independent fund administrators were among the worst affected. Unlike custodians, which carry out other functions for client assets they have been mandated to safeguard, they had no other income to fall back on. Automation and a broad range of products seem to be key, with established boutique and mid-tier companies with multiple offices holding strong, and smaller firms tumbling off the precipice.

Comments Tannenbaum: "Third-party administrators have a unique bird's eye view of their fund clients. They are ideally placed to produce the independent reporting investors, boards, auditors and regulators now require. However, only a handful—GlobeOp among them—have the platform, processes and scale necessary. We therefore expect more consolidation in the fund administration sector. The strong who offer quality service, scale and advanced technology will continue to grow. Their challenge will be to remain nimble and creative in responding quickly and cost-effectively as client and regulatory requirements and opportunities evolve."

"Competition remains fierce", concludes Bellows. "I don't think it's possible to speculate around what the future may hold, but I've always believed there will be a viable gap in the market for competitiveness. We are incredibly committed to Dublin and Luxembourg and we're seeing investor confidence here as remaining strong. We couldn't be more bullish about Ireland." **AST**

Tricia Ridell talks AST through automation and ISO-20022

The level of STP automation which our clients enjoy varies substantially—typically based upon the markets that they distribute to and the kinds of distributors that they are targeting. Some of our clients are achieving STP rates in excess of 90 percent. Levels of automation also vary by geography. Ireland has high STP rates, however offshore providers, in particular those which distribute into Asia rely on faxed orders and manual entry. Product providers need to find ways to incentivise distributors to use STP mechanisms and convince them of the mutual benefits, such as increased efficiency and the elimination of costly human errors. The key problem as always is who pays to set up the infrastructure—distributor or product provider?

Bravura, via our Babel Messaging software, was an early adopter of the SWIFT 20022 standard and we can accept 20022 trades into our transfer agency platforms via Babel. Although we support both standards we regard 20022 as being the medium to long term successor to 15022, offering improvements both from a technical and from a business content perspective. Technically, 20022 uses a modern XML based message structure and its message transmission is via the Internet Protocol rather than via the older SWIFT proprietary FIN network.

From a business perspective the 20022 standard is planned to support a wider range of fund messages than its 15022 equivalent, permitting transfer agents and their distributors to automate a wider range of TA activity.

SWIFT has signalled that from the end of 2012, it intends to start limiting the range of activity that new clients can perform using the 15022 message set. This is likely to be the first salvo in its long anticipated campaign to phase out 15022 usage and nudge clients towards the 20022 message set.

Tricia Riddell
Global head of product, transfer agency
Bravura Solutions

Conference roundup

That old chestnut, regulation, was tossed around yet again at the Guernsey Funds Forum 2012, proving that legislation is never far from a manager's mind

GEORGINA LAVERS REPORTS

Setting a new attendance record of 400 delegates, hosts Guernsey Finance and Guernsey Investment Fund Association (GIFA) were delighted with the turnout to the 2012's 'Shaken Not Stirred', held in the Grange St Paul's Hotel in London.

The half-day conference and exhibition included panel sessions on regulation and investor/manager relationships—and was followed by a macroeconomic debate featuring former UK Chancellor of the Exchequer, Lord Norman Lamont, and economics editor and broadcaster, Stephanie Flanders.

The first panel looked at how much regulation investors need, whether regulation is good for the investment fund industry, strategies for managers to survive in a highly regulated world and the role of corporate governance. Panellists were Karsten Langer of the European Private Equity and Venture Capital Association (EVCA), Ian Sayers of the Association of Investment Companies (AIC), Adrian Garner of MMIP Investment Management, William Marle of LCF Rothschild and Claire Wilkinson from MVision Private Equity Advisers.

The second session looked at investor demands and returns, how managers can keep investors happy in the economic climate and how managers can attract investors in the current marketplace. Panellists were Christopher Fawcett from Fauchier Partners, Rob Barr of Pantheon Ventures, Stephen Ziff of Coller Capital, Oleg Myshkin from Fleming Family and Partners and Evren Unver of Turkven.

The Eurozone was a concern in the keynotes' debate, with Lord Lamont saying it was doomed to failure from the start due to its mechanics and that it poses the biggest threat to the world economy. Stephanie Flanders added that the US has been frustrated by the way in which the EU has failed to respond adequately to the crisis. Both agreed that from an economic perspective, the most appropriate way forward is an orderly break up of the Eurozone but they also shared the view that this is extremely unlikely to happen due to the political capital invested in the project.

Fiona Le Poidevin, deputy chief executive of Guernsey Finance, said: "The feedback we have received so far from both Guernsey and off-Island participants has been very positive and overall the event has provided an excellent showcase for Guernsey as a stable jurisdiction in a turbulent environment." **AST**

Guernsey's zero-10 regime viewed as harmful

Guernsey's zero-10 corporate tax regime has been deemed harmful by the EU's Code of Conduct Group on Business Taxation.

Despite Guernsey's argument that the offending element from the Jersey and Isle of Man regimes, known as deemed distribution, was different in its tax system, the EU group placed the island in a similar category.

Following a general election in the Island, a statement from Guernsey's Policy Council said: "Whilst accepting the operation and timing of Guernsey's deemed distribution regime differed to that of Jersey and the Isle of Man, the European Union's Code of Conduct Group on Business Taxation this week determined that its de facto effect was the same – and thus harmful.

"We expect to be formally notified of this conclusion shortly and provided a detailed explanation of the European Commission's technical assessment of the deemed distribution regime in due course. Once we have received detail of the assessment and the substance of the Code Group's discussion, Ministers will be able to meet to discuss what actions are appropriate to recommend to the next Policy Council and States [of Guernsey, the Island's parliament]."

Under Guernsey's zero-10 regime, all companies are taxed at 0 percent, except for the profits of specified banking activities which are taxed at 10 percent (and local utilities at 20 percent). However, Guernsey resident shareholders are taxed at 20 percent of profits from either actual or deemed distributions, where the latter include dividends, disposal of shares, migrations, liquidations and investment income.

It now looks certain that Guernsey will follow Jersey and the Isle of Man in removing deemed distribution as a way to retain the zero-10 regime as a whole. Guernsey also has a tax exempt regime for collective investment schemes and it is expected that later this year it will be extended further to apply to any vehicle which is part of a fund structure. **AST**

Conference roundup

The Nigerian investor conference in London held big promises, and even bigger optimism

GEORGINA LAVERS REPORTS

'Vision 2020' is an initiative that has the fairly grandiose aim of transforming Nigeria into one of the 20 largest economies in the world by 2020. Though senior government officials have estimated the country would need a whopping sum of 32 trillion naira (£130 billion) of investment if it is to actualise the much talked of scheme, panellists at the May conference in London expressed confidence that Nigeria will become a future financial hub.

The West African country's minister of national planning Shamusideen Usman said the banking sector's role is critical in funding of the Vision 2020, orating that the country will need to critically re-order and re-prioritise expenditure to be able to save enough funding for the programme.

But the concerns of the day were not saving but rather paying out, with the important issue of unpaid dividends a significant topic.

The value of unclaimed dividends by investors in the Nigerian capital market hit 41 billion naira by the end of last year, mainly due to shareholders changing their forwarding addresses without informing the companies' registrars and so failing to receive the dividend warrants.

President of the Renaissance Shareholders' Association of Nigeria Olufemi Timothy argued earlier this year that it was becoming increasingly common for shareholders to receive their warrants very late. "Someone, somewhere is not doing his job and it is the shareholders that are suffering in this situation, it is not right. Our dividends are our right and anyone who invests in any business always expects and awaits returns; so, if we are denied our right, then perhaps the regulators are not doing their job."

Bayo Olugbemi, MD of First Registrars Nigeria defended his position, saying: "As registrars, there is no way we can capture the shareholders if we are not properly informed. Most banks don't allow dividends to be paid out to savings accounts…but most investors have savings accounts. There needs to be more engagement between all parties."

The executive commissioner of operations at SEC Daisy Ekineh said that the electronic platform was introduced to reduce the issues of unclaimed dividends.

"We have been talking about e-Dividend as an option to reduce unpaid dividends; however, we are aware that shareholders have some challenges regarding this, as it was originally stated that the dividend warrants would be paid into current accounts, which most of them did not operate.

"However, we have been talking to the CBN and the banks on ways that they can make it easy, and we hear that some banks are now allowing the warrants to be paid into savings accounts. We have ongoing interactions with all the stakeholders and we are sure these will yield clear results before the end of the year."

Custodians were another issue that looked to become more translucent in the coming years, with Nigeria unusually being the only market where there are both pension fund custodians, and other custodians. Dr Timi Austen Peters noted that: "Historically, custody evolved alongside the pension sector. Because people were so skittish, they ring-fenced the entire industry, but now it is apparent that the two types of custody are meaningless and should be harmonised. Most people had never heard of custodians, but it was forced upon them by the pension industry."

One effect of the forced consolidation of the Nigerian banking industry in 2004-2005 was the enlargement of the number of custodians. A sub-custody market dominated for years by a single provider—Stanbic, the Nigerian arm of the Standard Bank of South Africa—has been opening up, but representing the custodians at the conference was Segun Sanni of Stanbic. "As a Nigerian custodian, you spend 60 -70 percent of your efforts lobbying", he said.

He added: "Only a couple of years ago, most people didn't even know what a custodian was. An asset manager would be enrolled as a custodian."

The Central Bank of Nigeria (CBN)'s guidelines to regulate the issuance of Global Depository Receipts (GDRs) by banks selling their shares to international investors, were also talked about extensively. The new regulatory framework mandates banks selling GDRs to furnish the apex bank with the details of the beneficial investors on a copy of the Certificate of Capital Importation (CCI) issued in favour of such banks.

This was a noted advantage for attracting foreign investors to Nigeria was the CCI, with Sanni saying: "Since we came in, the CCI process has changed tremendously. The one positive part of 2008 was on the regulatory side. Things that we had been saying, regulators started to understand where we were coming from, and better traction was made."

Though the event was populated by competing banks and companies, the overall feeling was one of moving forwards together to progress Nigeria as a future financial powerhouse. As one attendee said: "If we work in silence, just concentrating on the fact that we are competitors, there is only so much we can do." **AST**

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Industry appointments

AltResources has recruited **Joseph Daly** as its compliance director, bringing to the firm more than 25 years of accounting, compliance and client-service experience in alternative investments.

Northern Trust has appointed **Steve David** as country head in Luxembourg.

Reporting to Toby Glaysher, head of Northern Trust's global fund services activities in EMEA, David will expand the organisation's specialist fund servicing and custody operations in Luxembourg, which serves clients globally.

David has been based in Northern Trust's Luxembourg office since joining the organisation in 2004. Most recently he was managing director of the Luxembourg management company. He replaces Ian Baillie, who will retire in August 2012.

Fred Naddaff has joined SunGard as managing director of strategic business development.

Naddaff will work in core asset servicing systems and processes in SunGard's asset management division to complement customer business models. He brings 30 years of experience in the financial services industry, including Citi, BISYS, First Data and State Street/BFDS. Most recently, he served as president of Citi Fund Services and provided executive oversight for Citi's North America outsourcing services. A frequent speaker at industry conferences, Naddaff currently serves as vice chairman on the board of directors of the National Investment Company Service Association (NICSA).

Confluence has welcomed **Melvin Jayawardana** as its European fund administration product manager.

Formerly of J.P Morgan and State Street in Edinburgh and Luxembourg, Jayawardana will expand Confluence's global market penetration through new products.

Administration services provider Alter Domus has appointed **Michael Ellul** as director of its Malta office.

Ellul joins Alter Domus from trust and company formation firm QUBE Services Limited, which is based in Malta, where he was a partner and a director. He established QUBE with two other partners in 2006.

He will continue to serve his existing clients at Alter Domus, which offers corporate management support to holding and financing companies of investment firms, multinationals and private investors. Its solutions range from fund administration services to company management.

Ellul previously worked at Pricewaterhouse-Coopers in trust and company formation, and later at Francis J. Vassallo & Associates Limited as a tax partner.

Ellul is Alter Domus's ninth new director appointment this year. Since 2007, the firm has established 14 new offices and desks worldwide.

Northern Trust has appointed **Daniel Lindley** to the London-based role of managing director, Global Family & Private Investment Offices Group for EMEA and APAC.

Formerly president of The Northern Trust Company of Delaware, Lindley will assume the newly created position on 1 July 2012. In the new role reporting to J. Jeffery Kauffman, Lindley will manage the expansion of Northern Trust's business with family and private investment offices in Europe, the Middle East and the Asia Pacific Region, and will have operational oversight of the group's activities in London and Guernsey. Lindley will also continue in his role as Chief Fiduciary Officer for Northern Trust's Guernsey trust company.

Wade McDonald has left his position as senior vice president and head of client services at State Street to join HSBC Securities Services as head of sales and business development in Europe.

Formerly head of UK sales at JPMorgan Chase from 1996-2004, McDonald will be reporting to Arjun Bambawale, head of HSBC Securities Services in Europe. He will take up the position in July.

Bravura Solutions has formed a new propositions taskforce that will develop client-focused propositions to drive economic growth.

Nick Parsons, who is global CTO at Bravura, will lead the taskforce. Reporting to Parsons will be **Tricia Riddell**, the global head of product for transfer agency, and **Eric Welsby**, the principal wrap consultant for EMEA.

The team aims to integrate market trends and customer insight into future product innovation and strategy.

Riddell will continue to lead the product management team at Bravura while working on propositions. As a result, Bravura has promoted **Aubrey Nestor** from his present product manager role to take overall responsibility for the product management of all transfer agency offerings and related systems. AST

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